

EXHIBIT B

In Re: City of Detroit, Debtor

*Governor Richard D. Snyder
October 9, 2013*

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Min-U-Script® with Word Index

09:58:31 1 It doesn't say I agree with that or disagree with
09:58:34 2 that. It simply says I authorized it to go forward
09:58:37 3 where a plan would be presented to a judge that
09:58:40 4 could be the result of further negotiations,
09:58:42 5 mediations, all kinds of work that ultimately a
09:58:44 6 judge would decide.

09:58:45 7 Q. Okay. I'm not addressing your July 18th letter.

09:58:48 8 A. Yeah.

09:58:48 9 Q. I'm just pegging the question --

09:58:51 10 A. Okay.

09:58:51 11 Q. -- by time frame as of July 18th.

09:58:54 12 A. Okay.

09:58:54 13 Q. So as of July 18th, did you share Mr. Orr's view
09:58:58 14 that there had to be significant cuts in pension
09:59:02 15 liabilities?

09:59:04 16 A. Based on the current situations with negotiations,
09:59:11 17 that continued to be the position that would be on
09:59:13 18 the table going into bankruptcy.

09:59:17 19 Q. Again, I'm not sure that was responsive.

09:59:20 20 A. Uh-huh.

09:59:21 21 Q. As of July 18th, 2013, did you share Mr. Orr's view
09:59:29 22 that whether through negotiation or other means that
09:59:38 23 there as an end result had to be significant cuts in
09:59:42 24 accrued pension liabilities?

09:59:44 25 A. I wouldn't use the word had to be but likely could

09:59:47 1 be.

09:59:47 2 Q. Okay. Well, Mr. Orr used the word "there must be".

09:59:50 3 A. Uh-huh.

09:59:51 4 Q. Did you share that view that there had to be?

09:59:53 5 A. Not necessarily.

09:59:55 6 Q. Okay.

09:59:55 7 A. Just as I said.

09:59:56 8 Q. Okay. So did you think about this issue as of -- or

10:00:01 9 as of the July 18th, 2013 time frame, had you given

10:00:04 10 thought to whether or not there had to be cuts to

10:00:10 11 accrued pension benefits?

10:00:12 12 A. I gave thought to the issue because I have concern

10:00:14 13 for the retirees, and that was why one of the

10:00:16 14 important questions in my view was to have a retiree

10:00:20 15 representative in the bankruptcy.

10:00:22 16 Q. And what was your -- since you said you gave thought

10:00:27 17 to it, can you articulate what your position was as

10:00:29 18 to whether or not there had to be cuts in accrued

10:00:33 19 pension liabilities? And I'm focusing on your views

10:00:36 20 on the matter as of July 18th, 2013.

10:00:40 21 A. My view going back prior to that is is I had hoped

10:00:47 22 that there would be negotiations to resolve this

10:00:50 23 short of bankruptcy because bankruptcy was a last

10:00:54 24 resort; that I hoped that people could come to the

10:00:57 25 table and come up with a mutual understanding and

10:01:00 1 negotiation that would be satisfactory to the
10:01:01 2 parties involved.

10:01:02 3 That didn't happen in terms of that regard
10:01:05 4 but I still had hope to say that as you go through
10:01:09 5 the bankruptcy process I viewed it as likelihood
10:01:11 6 that there was less flexibility under the bankruptcy
10:01:14 7 process just because of the nature of federal
10:01:17 8 bankruptcy law than there probably was before.

10:01:19 9 Q. Was it your view that as of July 18th in the
10:01:28 10 bankruptcy one way or another accrued pension
10:01:32 11 liabilities would have to be reduced?

10:01:34 12 A. Based on the facts going into it, it was one of
10:01:37 13 those questions, as you said, there was a likelihood
10:01:40 14 of that happening.

10:01:41 15 Q. That's not my question.

10:01:42 16 A. Yes. Yeah, I believe there's a likelihood there
10:01:46 17 could be reductions in unfunded pension liabilities.

10:01:50 18 Q. Okay. I'm not asking --

10:01:51 19 A. Yeah.

10:01:52 20 Q. Governor, I'm not asking you to predict the
10:01:55 21 likelihood of what might have happened.

10:01:56 22 A. Okay.

10:01:56 23 Q. I'm asking you whether you believed that in
10:02:00 24 bankruptcy there would have had to be one way or
10:02:03 25 another reductions in Detroit's accrued pension

10:18:27 1 investigation of any facts or legal conclusions that
10:18:30 2 were in the July 16th letter before you made your
10:18:34 3 decision to sign the July 18th letter?

10:18:39 4 A. Well, I mentioned the lawsuit issue, but besides
10:18:43 5 that it was more looking at the consistency of what
10:18:47 6 was in this letter with prior reports from Kevyn Orr
10:18:50 7 and prior reports from the review team. Review
10:18:54 8 teams I should say.

10:18:54 9 Q. Let me refer you to page four of the July 18th
10:18:59 10 letter. At the top there's a paragraph that bears
10:19:05 11 the heading contingencies.

10:19:07 12 A. Uh-huh.

10:19:08 13 Q. And I'm going to read the first sentence. It says
10:19:12 14 "2002 PA 436 provides that my approval of the
10:19:18 15 recommendation to commence a Chapter 9 proceeding
10:19:20 16 may place contingencies on such a filing." That's
10:19:24 17 the end of the sentence. Then there's a legal
10:19:27 18 citation, and then the next sentence says "I am
10:19:30 19 choosing not to impose any such contingencies
10:19:32 20 today."

10:19:34 21 Did you consider at any point after you
10:19:39 22 received the July 16th letter placing any
10:19:42 23 contingencies on the City's bankruptcy filing?

10:19:46 24 A. My legal counsel made me aware that contingencies
10:19:50 25 were permitted under the law, but I chose not to

10:19:55 1 place any.

10:19:55 2 Q. Okay.

10:19:57 3 A. Yeah.

10:19:57 4 Q. It's clear from your letter that you chose not to
10:20:00 5 place any.

10:20:00 6 My question is before you made that
10:20:02 7 decision not to place any, was there any period when
10:20:05 8 you considered placing any -- any contingencies on
10:20:08 9 the filing?

10:20:08 10 A. I'm not trying to be difficult, but the matter was
10:20:11 11 brought to my attention and I dismissed it without
10:20:14 12 major discussion with my legal counsel because the
10:20:16 13 way I viewed it was placing contingencies could only
10:20:21 14 cause -- most likely cause more delay or confusion
10:20:24 15 in the bankruptcy process; that I have confidence in
10:20:27 16 the bankruptcy process itself in terms of being a
10:20:30 17 legal process, an appropriately legal process; and
10:20:33 18 that's why, in fact, I wanted that sentence added.

10:20:36 19 Q. What sentence are you referring to?

10:20:38 20 A. The sentence about federal law already contains the
10:20:41 21 most important contingency, a requirement that the
10:20:44 22 plan be legally executable.

10:20:46 23 Q. Okay. And I'm going to ask you about that in a
10:20:47 24 minute, but I just want to focus first on your
10:20:51 25 decision not to place any contingencies.

10:20:53 1 A. Well, that's why I didn't. I simply said I thought
10:20:58 2 that was the one contingency that was appropriate,
10:21:01 3 that it be in line with being legal.

10:21:03 4 Q. Okay. You were aware as of July 18th that some
10:21:09 5 people, some entities, argued that the Michigan
10:21:15 6 Constitution prohibited the reduction of accrued
10:21:19 7 pension benefits?

10:21:22 8 Were you aware of that as of July 18th?

10:21:24 9 A. Yes.

10:21:24 10 Q. Did you consider making the Detroit City bankruptcy
10:21:31 11 filing contingent on the City not seeking to cut
10:21:38 12 accrued pension liabilities? Did you consider that?

10:21:41 13 A. I considered it by adding this sentence, which
10:21:47 14 basically says it's a matter -- it's a legal
10:21:49 15 question to say Michigan Constitution versus federal
10:21:53 16 law versus other Michigan statutes, and I was going
10:21:57 17 to leave that, that's a legal question that I
10:21:59 18 thought best left to the courts.

10:22:01 19 Q. So is it your testimony that you did consider
10:22:04 20 putting that contingency on but you decided not to
10:22:07 21 because of the reason you just said?

10:22:09 22 A. Well, again, I viewed this as an overriding
10:22:10 23 statement that I thought whatever came out of this
10:22:12 24 process through the bankruptcy needed to be a legal
10:22:14 25 answer, because I do follow the law.

10:22:17 1 Q. Okay. I just want to be clear --

10:22:19 2 A. Yeah.

10:22:19 3 Q. -- I'm understanding your testimony.

10:22:21 4 You did consider at some point before you
10:22:24 5 signed -- is it true that at some point before you
10:22:27 6 signed the July 18th letter that you considered
10:22:30 7 making the bankruptcy filing contingent on the City
10:22:34 8 not seeking to cut accrued pension benefits?

10:22:39 9 A. I would say -- I wouldn't describe it that way. I
10:22:42 10 would describe it not just on pensions or anything
10:22:44 11 else, just the totality of the situation to say that
10:22:49 12 there are many legal questions that are being
10:22:51 13 litigated through this bankruptcy process, as you
10:22:54 14 can see.

10:22:55 15 In terms of objections and my overriding
10:22:57 16 concern is that anything that should come out of
10:22:59 17 this needed to be legal. So that's where I did
10:23:02 18 basically -- rather than specifically even
10:23:04 19 considering contingencies on one area or another,
10:23:08 20 because I viewed that as a troublesome area to say
10:23:10 21 should there -- if you put one contingency could you
10:23:13 22 end up with 15 contingencies versus saying the
10:23:16 23 overriding concern is that this plan be legal, and
10:23:18 24 that's already provided for under federal bankruptcy
10:23:21 25 law.

10:23:21 1 Q. Was it your understanding that you could have placed
10:23:25 2 just one contingency on the filing which is that the
10:23:30 3 City could not seek to cut accrued pension benefits?

10:23:35 4 A. Again, my concern is --

10:23:37 5 Q. I'm not asking your concern.

10:23:39 6 A. Yes.

10:23:39 7 Q. Was it your understanding that you, if you had
10:23:42 8 chosen to, could have placed just one contingency?

10:23:44 9 A. Yes.

10:23:45 10 Q. Okay. Let me now refer you to the last sentence of
10:23:48 11 the paragraph that says "Federal law already
10:23:50 12 contains the most important contingency, a
10:23:52 13 requirement that the plan be legally executable, and
10:23:56 14 then it cites 11 USC 943(b)(4)."

10:24:06 15 What was your understanding, if you had one
10:24:10 16 as of July 18th when you signed this letter, of what
10:24:13 17 11 USC 943(b)(4) was?

10:24:17 18 A. The statement was my primary concern. I had very
10:24:21 19 good legal counsel. My legal advisors work on the
10:24:25 20 citation. They thought it would be helpful.

10:24:27 21 Q. Okay. So whose -- I should have asked you earlier.

10:24:31 22 Who prepared this letter that's the
10:24:33 23 July 18th letter?

10:24:34 24 A. I did in conjunction with my legal counsel.

10:24:37 25 Q. Okay. Was it just you and legal counsel that